

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 – Name and Address of Company:

4Front Ventures Corp.
5060 North 40th Street, Suite 120
Phoenix, Arizona
USA 85018

Item 2 - Date of Material Change:

May 15, 2020

Item 3 – News Release:

News release was disseminated via CNW on May 15, 2020. A copy of the news release has been filed on SEDAR and is available at www.sedar.com.

Item 4 – Summary of Material Change:

On May 15, 2020, 4Front Ventures Corp. (“**4Front**” or the “**Company**”) announced the upsizing and close of a private placement of convertible debentures and the close of the sale of its non-core retail assets in Pennsylvania.

Item 5 – Full Description of Material Change:

5.1 Full Description of Material Change

On May 15, 2020, the Company announced that it has closed a private placement financing of convertible debt (the “**Notes**”) for proceeds of approximately US\$5.8 million. The financing was upsized from the previously announced commitments for US\$4 million, with the incremental capital coming mostly from existing shareholders of the Company.

The Notes have an annual coupon of 5%, paid-in-kind, and will mature on February 28, 2022. The Notes are exchangeable into subordinate voting shares of the Company at a conversion price of US\$0.25, as adjusted in accordance with the terms of the Notes. In addition, some lenders exchanged a portion of their existing equity investments into unsecured convertible notes (the “**Unsecured Notes**”) earning interest at a rate of 3% per annum, subject to adjustment pursuant to the terms of the Unsecured Notes and maturing on May 13, 2025. The Unsecured Notes are exchangeable into subordinate voting shares of the Company at a conversion price of US\$0.46, as adjusted pursuant to the terms of the Unsecured Notes.

Additionally, the Company announced that it has completed the sale of its stake in its Pennsylvania retail assets to Ethos Cannabis for approximately US\$10.6 million. As previously announced, 4Front has also entered into a binding agreement to sell its stake in non-core retail assets in Maryland to Ethos Cannabis. The sale of the Company’s non-core retail assets in Maryland is expected to close over the next 45 days pending receipt of certain regulatory approvals.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 – Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

Item 7 - Omitted Information:

Not applicable.

Item 8 – Executive Officer:

Leo Gontmakher, CEO
Phone: (602) 633-3992

Item 9 – Date of Report:

May 26, 2020